

Declaratory J. ¶ 5. Between April 25, 1930 and July 22, 1994, the State acquired land via eminent domain in order to build a park and ride facility at the intersection of Route 2 and Route 102 in North Kingstown. Id. Among such land taken was property owned by Plaintiffs. Id. at ¶ 6.

The park and ride facility operated up until 2016. On December 9, 2016, RIDOT sent a letter via certified mail to Plaintiffs with the subject line “DISPOSITION OF SURPLUS STATE LAND.” See id. at ¶ 7, Ex. A. The letter stated in part:

“On April 25, 1930 and July 22, 1994 the Department of Transportation (RIDOT) acquired land in the Town of North Kingstown for the construction of the Route 2/102 Intersection. Upon completion of the project a parcel of land containing 72,224± Sq. Ft., became surplus to highway needs and is now available for sale.

....

“Title 37, Chapter 7, Section 3 of the General Laws of Rhode Island, 1956, as amended, dictates that [Joseph DeMarco] as its as its [sic] former owner have [sic] first rights [sic] to purchase the land [available for sale].

“Accordingly, said land is hereby offered to your client, subject to the approval of the State Properties Committee and subject to suitable restrictions, for a market value of \$2,100,000 (Two Million One Hundred Thousand Dollars).” Id. at Ex. A.

The letter also included four numbered paragraphs, which were introduced by the phrase “The suitable restrictions mentioned above are as follow [sic][.]” Id. Attached to the letter was a “copy of a Purchase and Sale Agreement executed by RIDOT and TMC New England, LLC,” the entity interested in acquiring the property. Id.; see also Ex. B.

In response to RIDOT’s letter, on December 16, 2016, counsel for Plaintiffs sent RIDOT a letter stating in part: “It does not appear to me, anywhere in [§ 37-7-3], that my client must purchase the ‘entire parcel.’ To the contrary, I read the statute to provide my client with the right

to purchase simply the land which was taken from him by the State of Rhode Island.” V. Compl. for Declaratory J. ¶¶ 11-12, Ex. C.

Counsel for Plaintiffs did not receive a response to this letter. See V. Compl. for Declaratory J. ¶ 13, Ex. D. Thereafter, on December 28, 2016, counsel for Plaintiffs sent RIDOT a second letter indicating that Plaintiffs wished to exercise their right of first refusal to purchase only the land originally taken from Plaintiffs. See V. Compl. for Declaratory J. ¶ 13, Ex. D. On December 29, 2016, RIDOT transmitted a letter that Plaintiffs received on January 5, 2017, which stated in part:

“Under RIGL 37-7-3 and 37-7-4 the State may place any terms and conditions on the sale of its property including that it must be sold in conjunction with other adjoining pieces of property owned by the State. This is the case with the recent offering for sale of State-Owned land to . . . Joseph DeMarco, as a former owner of the land.” V. Compl. for Declaratory J. ¶ 14, Ex. E.

Plaintiffs maintain that their right of first refusal applies only to the land originally taken by the State and filed a request seeking a declaratory judgment to that effect.

II

Analysis

The Court is tasked with declaring whether the statutory right of first refusal applies to the entirety of land taken by RIDOT or whether it applies only to land taken from Plaintiffs. Plaintiffs contend that the right of first refusal under § 37-7-4 applies only to land taken from them, and that the statute does not permit RIDOT to bundle adjacent parcels together to be sold as one parcel. RIDOT argues that they may bundle up adjacent portions of surplus land taken from separate owners and offer the right of first refusal on the entire parcel to the prior owners. RIDOT maintains that it is permitted to do so under § 37-7-4 as a “suitable restriction.”

Before addressing the merits of each party's argument, this Court in its discretion must determine whether declaratory relief is appropriate. See Cruz v. Wausau Ins., 866 A.2d 1237, 1240 (R.I. 2005). The Uniform Declaratory Judgments Act (UDJA), §§ 9-30-1 et seq., authorizes this Court to “declare [the] rights, status, and other legal relations” of litigants. Sec. 9-30-1. As provided in the UDJA,

“[a] person interested under a deed, will, written contract, or other writings constituting a contract, or whose rights, status, or other legal relations are affected by a statute, municipal ordinance, contract, or franchise, may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract, or franchise and obtain a declaration of rights, status, or other legal relations thereunder.” Sec. 9-30-2.

A declaratory judgment “is neither an action at law nor a suit in equity but a novel statutory proceeding.” Newport Amusement Co. v. Maher, 92 R.I. 51, 63, 166 A.2d 216, 217 (1960). It is the purpose and intention of a declaratory judgment action to “allow the trial justice to facilitate the termination of controversies,” or otherwise remove uncertainties. Bradford Assocs. v. R.I. Div. of Purchases, 772 A.2d 485, 489 (R.I. 2001); Fireman's Fund Ins. Co. v. E.W. Burman, Inc., 120 R.I. 841, 845, 391 A.2d 99, 101 (1978). Suitably, the UDJA “confers broad discretion upon the trial justice as to whether he or she should grant declaratory relief.” Cruz, 866 A.2d at 1240; see also § 9-30-6; Woonsocket Teachers' Guild Local Union 951, AFT v. Woonsocket Sch. Comm., 694 A.2d 727, 729 (R.I. 1997); Lombardi v. Goodyear Loan Co., 549 A.2d 1025, 1027 (R.I. 1988). Our Supreme Court, however, has cautioned that “declaratory-judgment action[s] may not be used ‘for the determination of abstract questions or the rendering of advisory opinions.’” Sullivan v. Chafee, 703 A.2d 748, 751 (R.I. 1997) (quoting Lamb v. Perry, 101 R.I. 538, 542, 225 A.2d 521, 523 (1967); Goodyear Loan Co. v. Little, 107 R.I. 629, 631, 269 A.2d 542, 543 (1970)).

In this case, the Court finds that a justiciable issue exists as to whether the right of first refusal contained in § 37-7-4 applies only to the land that was originally taken or whether it applies to land taken from several individual landowners subsequently bundled together.¹ See Ferrell v. Dep't of Transp., 407 S.E.2d 601, 604 (N.C. App. 1991), aff'd, 435 S.E.2d 309 (N.C. 1993) (“The plaintiffs were placed in a position where their statutory rights [to first refusal] were placed in peril.”). The termination of such controversy requires an exercise of statutory interpretation afforded by declaratory relief. See Reynolds v. Town of Jamestown, 45 A.3d 537, 541 (R.I. 2012).

“In matters of statutory interpretation, [it is this Court’s] ultimate goal . . . to give effect to the purpose of the act” O’Connell v. Walmsley, 156 A.3d 422, 426 (R.I. 2017) (quoting Raiche v. Scott, 101 A.3d 1244, 1248 (R.I. 2014)). “[W]hen the language of a statute is clear and unambiguous, this Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” Id. “However, the plain meaning approach must not be confused with myopic literalism; even when confronted with a clear and unambiguous statutory provision, it is entirely proper for [the Court] to look to the sense and meaning fairly deducible from the context.” Id. (quoting Raiche, 101 A.3d at 1248) (internal quotation marks omitted). “Therefore, [the Court] must consider the entire statute as a whole; individual sections must be considered in the context of the entire statutory scheme, not as if each section were independent of all other sections.” Id. (quoting Raiche, 101 A.3d at 1248). Notably, “[i]f a mechanical application of a statutory definition produces an absurd result or defeats legislative

¹ This Court does not find the same to be true of the right of first refusal contained in § 37-7-3. Section 37-7-3 is inapplicable to the case at bar because, as represented by counsel at oral arguments on the instant motion, Plaintiffs’ land was not originally taken by condemnation. See Tidewater Realty, LLC v. State, Providence Plantations, 942 A.2d 986, 989-990 (R.I. 2008); see also Lapre v. Flanders, 465 A.2d 214, 216 (R.I. 1983).

intent, this [C]ourt will look beyond mere semantics and give effect to the purpose of the act.”
Id. at 428 (quoting Commercial Union Ins. Co. v. Pelchat, 727 A.2d 676, 681 (R.I. 1999)).

Although the right of first refusal at issue in this case is based in statute, the statute itself emanates from the Rhode Island Constitution. Article 6, section 19 of the Rhode Island Constitution provides:

“The general assembly may authorize the acquiring or taking in fee by the state, or by any cities or towns, of more land and property than is needed for actual construction in the establishing, laying out, widening, extending or relocating of public highways, streets, places, parks or parkways; provided, however, that the additional land and property so authorized to be acquired or taken shall be no more in extent than would be sufficient to form suitable building sites abutting on such public highway, street, place, park or parkway. After so much of the land and property has been appropriated for such public highway, street, place, park or parkway as is needed therefor, the remainder may be held and improved for any public purpose or purposes, or may be sold or leased for value with or without suitable restrictions, and in case of any such sale or lease, the person or persons from whom such remainder was taken shall have the first right to purchase or lease the same upon such terms as the state or city or town is willing to sell or lease the same.”

In accordance with this constitutional passage, the General Assembly enacted § 37-7-4, which similarly states:

“Whenever land is taken for the establishing, laying out, widening, extending, or relocating of public highways, streets, places, parks, or parkways, the acquiring authority may take more land and property than is needed for actual construction; provided, however, that the additional land and property so acquired or taken shall be no more in extent than would be sufficient to form suitable building sites abutting on the public highway, street, place, park, or parkway. After so much of the land and property has been appropriated for the public highway, street, place, park, or parkway as is needed therefor, the remainder may be held and improved by the acquiring authority for any public purpose or purposes, or may, with the approval of the state properties committee, be sold or leased for value, with or without suitable restrictions, and in the case of any sale or lease, the person or persons from whom the

remainder was taken shall have the first right to purchase or lease the property upon such terms as the acquiring authority, with the approval of the state purchasing agent, is willing to sell or lease the property.” Sec. 37-7-4.

The Rhode Island Supreme Court has not had the occasion to address the issue that is presently before the Court: whether the right of first refusal contained in § 37-7-4 applies only to land originally taken from individual owners, or, in this case, the DeMarcos. However, the Rhode Island Supreme Court has, on one occasion, noted that the language of § 37-7-4 “tracks the language of article 6, section 19” of the Rhode Island Constitution. Estate of Deeble v. R.I. Dep’t of Transp., 134 A.3d 183, 188 (R.I. 2016). In the same decision, our Supreme Court determined that article 6, section 19 of the Rhode Island Constitution is clear and unambiguous. Id. Accordingly, because § 37-7-4 tracks the clear and unambiguous language of article 6, section 19 of the Rhode Island Constitution, this Court similarly concludes that § 37-7-4 is clear and unambiguous as a matter of law.

Having determined that § 37-7-4 is clear and unambiguous, the Court applies the plain language of § 37-7-4 to determine the scope of the statutorily-prescribed preemptive right. O’Connell, 156 A.3d at 426. The Court finds three clauses contained in § 37-7-4 to be particularly relevant to the Court’s determination. First, § 37-7-4 provides that “[w]henever land is taken” by the State for the purposes of establishing public spaces, “the remainder” may be “sold or leased for value, with or without suitable restrictions.” Second, in such circumstances—the sale or lease of the remainder—“the person or persons from whom the remainder was taken” are granted the right of first refusal. Sec. 37-7-4. Third, the sale—and the right of first refusal—are contingent “upon such terms as the acquiring authority, with the approval of the state purchasing agent, is willing to sell or lease the property.” Id.

In regards to the first phrase, it is clear and unambiguous that § 37-7-4 contemplates situations where, if the State wishes to take land, it may sell or lease the remainder—or the portion it chooses not to use for a public purpose—with or without “suitable” restrictions. In addition, under the plain meaning of § 37-7-4, if the State decides to sell the surplus land, the person from whom the remainder was taken is granted the right of first refusal to purchase such surplus; a right that is personal in nature to the original landowner. See Estate of Deeble, 134 A.3d at 138 (“The term ‘the person or persons from whom such remainder was taken’ connotes the original condemnee only, and not his or her heirs, successors, and assigns upon death.”). Therefore, it is the original individual landowner who has the ability to exercise the right of first refusal to purchase surplus land, and the right of first refusal applies only to the remainder of the land taken from that original individual landowner that is not used for a public purpose. In other words, if the State takes Parcel *A* from Landowner *A* and uses only 70% of Parcel *A* for public purposes, Landowner *A* has a right of first refusal to the sale of the remaining 30% of Parcel *A*. It follows that if the State takes Parcel *B* from Landowner *B* and uses only 20% of Parcel *B* for public purposes, Landowner *B* would have a preemptive right to the sale of the remaining 80% of Parcel *B*.

The State and RIDOT contend that if Parcel *A* and Parcel *B* were originally adjacent, the State can bundle the remaining 30% of Parcel *A* and the remaining 80% of Parcel *B* together, and both Landowner *A* and Landowner *B* would hold right of first refusal. Under the State and RIDOT’s argument, such a method amounts to a term upon which the “acquiring authority . . . is willing to sell or lease the property” or a “suitable restriction,” as contemplated by § 37-7-4.

However, such an interpretation flies in the face of the plain meaning of the statute in defiance of common sense. Section 37-7-4 states that “[w]henver land is taken,” the State may

sell the “remainder” of “the land”; and, in such instances, the “person or persons from whom the land was taken shall have the first right to purchase . . . the property[.]” Sec. 37-7-4 (emphasis added). It is clear and unambiguous that the word “remainder” refers to the unused portion of the land that the State now wishes to sell. It is also clear and unambiguous that the right of first refusal encompasses only land that was taken from the person or persons who owned the land when it was taken. Accordingly, the right of first refusal cannot apply to land that was not taken from the landowner. See Kelly v. Thompson, 983 S.W.2d 457, 459 (Ky. 1998), modified on denial of reh’g (Jan. 21, 1999); Miles v. Dawson, 830 S.W.2d 368, 370 (Ky. 1991), reh’g denied (June 25, 1992) (“The statute provides the State with a simple and direct method of giving property owners the right to seek return of property previously condemned and later determined to be unneeded for the project. The statute allows the State to make corrections for any mistakes it has made in anticipating its needs. A holding that any portion of the condemned land which is not developed by the State should be offered to the original property owner for repurchase is certainly not a burden on the State but is actually a benefit both to the Commonwealth and the citizen property owner which was clearly contemplated by the General Assembly in adopting the statute.”); see also Ferrell, 435 S.E.2d at 317 (citing N.C. Gen. Stat. § 136-19) (stating that the North Carolina statute “requires DOT to reconvey unneeded property previously condemned to the former owner and assigns at a price equal to the condemnation award plus interest and the cost of any improvements made to the property by DOT”).

This Court’s approach is in conformity with approach of many states which have similar statutes regarding the disposition of condemned or surplus land no longer needed for public uses. See, e.g., Ark. Code Ann. § 6-13-103 (providing right of former land owner to repurchase condemned property within one year of condemnor’s abandonment); Ky. Rev. Stat. Ann.

§ 416.670(1) (“The failure of the condemnor to . . . begin development [within eight years of the condemnation] shall entitle the current landowner to repurchase the property[.]”); N.H. Rev. Stat. Ann. § 498-A:12 (granting former owner the right to repurchase property if abandoned within ten years of condemnation); N.Y. Em. Dom. Proc. Law § 406 (McKinney 1982) (stating that a condemnor may not dispose of property or any portion for private use within ten years after condemnation without first granting “the former fee owner of record at the time of acquisition a right of first refusal”); N.C. Gen. Stat. § 136-19 (requiring condemnor to grant first consideration to an offer from former owner to repurchase surplus land previously condemned).

Moreover, with regards to the phrase “upon such terms as the acquiring authority . . . is willing to sell or lease the property,” this Court in its interpretation finds such verbiage to be indicative of a common law definition of a right of first refusal. Under Rhode Island law, a right of first refusal is an “independent privilege.” See Kenyon v. Andersen, 656 A.2d 963, 965 (R.I. 1995); Doyle v. McNulty, 478 A.2d 577, 579 (R.I. 1984); Hood v. Hawkins, 478 A.2d 181, 185 (R.I. 1984); Butler v. Richardson, 74 R.I. 344, 349, 60 A.2d 718, 721 (1948). This independent privilege “requires the owner, when and if he decides to sell, to offer the property first to the person entitled to the [right of first refusal] at the stipulated price.” Hood, 478 A.2d at 185. In other words, and in accordance with the common law understanding of the right of first refusal, the property must be offered to the holder of the right of first refusal “upon such terms as [RIDOT] . . . is willing to sell or lease the property.” See § 37-7-4.

In addition, interpreting § 37-7-4 in line with RIDOT’s argy-bargy would lead to absurd results. First, and most evidently, under RIDOT’s analysis of the statute, more than one landowner would hold a right of first refusal. Circling back to the Court’s previous hypothetical, both Landowner A and Landowner B would hold a right of first refusal on the combined surplus

from Parcel A and Parcel B, Surplus AB. However, the statute does not contemplate more than one landowner holding a right of first refusal; rather, the original landowner holds a right of first refusal while the city or town holds a right of second refusal. See § 37-7-4 (stating that in case of waiver by the individual holder of the right of first refusal, “the city or town wherein the land is situated shall have the second right to purchase or lease the land and property upon the same terms and conditions as the acquiring authority was willing to sell or lease the land or property to the original owners thereof”). Indeed, the statute underscores the long-understood principle that rights of first refusal are “independent” privileges that are personal to the holder. See Estate of Deeble, 134 A.3d at 188; Kenyon, 656 A.2d at 965. This interpretation also aligns with our Supreme Court’s interpretation of the first refusal right contained in § 37-7-3² being personal in

² Section 37-7-3, similarly worded to § 37-7-4, states:

“Whenever in the opinion of the acquiring authority any land or other real property or interest therein taken by condemnation is no longer required for the purpose for which it was taken, the acquiring authority, with the approval of the state properties committee, may, with the consent of the person or persons from whom the land, property, or interest was obtained, or their heirs, successors, or assigns, convey the property or any part thereof, with or without suitable restrictions, by executing and recording a deed thereof. The deed shall be executed on behalf of the state by the acquiring authority, approved as to substance by the director of administration, and approved as to form by the attorney general. The recorded deed shall thereby revert the title to the land, property or interest therein to the persons, their heirs, successors, or assigns, in whom it was vested at the time of the taking, and the fair market value of the land or property or interest therein so conveyed at the time of the conveyance shall be considered in mitigation of damages in any proceedings instituted on account of the taking. Or, the acquiring authority, with the approval of the state properties committee, may lease or sell and convey the property, with or without suitable restrictions, for consideration not less than that paid for it by the acquiring authority or not less than its appraised value as determined by the state properties committee at the time of the leasing or selling, by executing and delivering a

nature. See Lapre, 465 A.2d at 216 (“Although the [plaintiffs] did not have a preemptive constitutional right to repurchase their former lands, they arguably had a statutory right to repurchase under G.L. 1938, ch. 110, § 15, the statute in effect at the time the property was condemned. That statute was later incorporated into G.L. 1956 (1977 Reenactment) § 37-7-3, which was in effect at the time the land was conveyed to [a third party].”).

Second, interpreting the statute in accordance with RIDOT’s argument would in practice result in the original landowner being precluded from ever purchasing his land back. If § 37-7-4 were interpreted to mean that the State could bundle up portions of land taken from separate owners and the right of first refusal belongs to the same, it would compel a landowner to exercise the right of first refusal on the whole of the property rather than just the part originally taken. In essence, it would compel the owner to accept land that was never taken from him. Just as our Supreme Court has repeatedly “held that the owner of property which is condemned cannot be compelled to receive his compensation in any other form than money”—see O’Neill v. City of E. Providence, 480 A.2d 1375, 1383 (R.I. 1984) (citing Reynolds v. State Bd. of Pub. Roads, 59 R.I. 120, 123-24, 194 A. 535, 537 (1937))—the original landowner cannot be compelled to receive land that was never taken from him in order to purchase his original parcel back from the State. Preventing a landowner from repurchasing his or her land that is no longer needed by the

lease or deed thereof, which lease or deed shall be executed on behalf of the state by the acquiring authority, approved as to substance by the director of administration, and approved as to form by the attorney general; provided, however, the person or persons in whom the title to the land or property or interest therein was vested at the time it was acquired under the provisions of this chapter shall, if living, have the right to lease, purchase, or reinvest him or herself or themselves, as the case may be, of the land or property or interest therein before the property may be leased, sold, or conveyed as provided by this section.” Sec. 37-7-3 (emphasis added).

State when he or she is entitled to a right of first refusal on the same is untenable. See Ferrell, 435 S.E.2d at 316 (characterizing North Carolina statute as a means to “return the parties to the positions they would have been in if the DOT had not originally taken more land than was necessary”).

Finally, RIDOT’s interpretation would result in sticker shock that would prevent families such as the DeMarcos from exercising their right of first refusal to purchase back their land that was taken. Indeed, if the prior owner chooses to exercise his or her statutory preemptive right, the prior owner would be compelled to match a third-party offer appropriate for the entire parcel rather than the price that is appropriate for the portion originally taken from that prior owner. See Hood, 478 A.2d at 185. In this case, in order for the DeMarcos to exercise their statutory right of first refusal so as to purchase back their small parcel that was originally taken, they would be required to purchase the entire surplus land estimated at 72,000 square feet with a sticker price of \$2,100,000. See V. Compl. for Declaratory J., Ex. A. Consequently, if interpreted in accordance with RIDOT’s position, the right of first refusal contained in statute would be inoperative in this case. However, this Court in its interpretation may not leave any “sentence, clause or word construed as unmeaning or surplusage.” Power Test Realty Co. Ltd. P’ship v. Coit, 134 A.3d 1213, 1220 (R.I. 2016) (quoting R.I. Dep’t of Mental Health, Retardation & Hosps. v. R.B., 549 A.2d 1028, 1030 (R.I. 1988)); see Norman J. Singer & Shambie Singer, Statutes and Statutory Construction § 46:6 at 238-256 (7th ed. 2014).

Moreover, this Court is unpersuaded by RIDOT’s argument that the bundling of adjacent State-owned land should be interpreted into § 37-7-4 because in certain circumstances it would make economic sense to do so as a “suitable restriction.” For example, RIDOT points out that if the surplus land at issue had a courthouse lying atop of it and Plaintiffs originally owned only a

small portion of the land in the center, it would be a suitable restriction for the State to sell the land as one parcel. Indeed, this Court recognizes this conundrum and opines that in such circumstances, such a restriction—i.e., the bundling of property to sell as one parcel—may be “suitable” in accordance with § 37-7-4. Nevertheless, RIDOT’s argument in this case is misguided. There is, in fact, no courthouse which sits atop the land at the intersection of Route 2 and Route 102—there is merely pavement. In addition, nowhere in the December 9, 2016 letter was it mentioned that such bundling was one of the “suitable restrictions.” See V. Compl. for Declaratory J., Ex. A. Accordingly, whether a restriction would be “suitable” under different circumstances than those present in this case is simply of no moment to the case at bar.

III

Conclusion

For the reasons stated above, this Court declares that in this case, Plaintiffs’ right of first refusal emanating from § 37-7-4 applies only to the land once owned by Plaintiffs, and Plaintiffs may exercise their right of first refusal accordingly. Prevailing counsel shall prepare the appropriate order for entry.



RHODE ISLAND SUPERIOR COURT

Decision Addendum Sheet

TITLE OF CASE: Joseph DeMarco, et al. v. Rhode Island Department of Transportation, et al.

CASE NO: C.A. No. WC-2017-0022

COURT: Washington County Superior Court

DATE DECISION FILED: July 12, 2017

JUSTICE/MAGISTRATE: Stern, J.

ATTORNEYS:

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